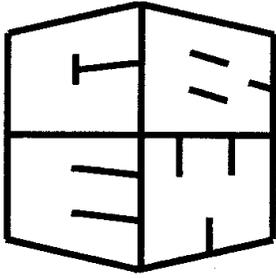


**CITY OF PERRY, OKLAHOMA
PERRY, OKLAHOMA**

**ANNUAL FINANCIAL STATEMENTS
AND ACCOMPANYING
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2022**

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INDEPENDENT AUDITOR'S REPORT

January 11, 2023

Honorable City Council
City of Perry
Perry, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Perry, Oklahoma, (City) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Perry, Oklahoma, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Perry, Oklahoma and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Perry, Oklahoma's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Perry, Oklahoma’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Perry, Oklahoma’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison information, and pension exhibits on pages 4 – 11 and 42 – 48 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

City of Perry
January 11, 2023

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2023 on our consideration of the City of Perry, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Perry, Oklahoma's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Perry, Oklahoma's internal control over financial reporting and compliance.

CBEW Professional Group, LLP

CBEW Professional Group, LLP
Certified Public Accountants

Our discussion and analysis of the City of Perry's ("City") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2022. The City's performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. This discussion focuses on the City's primary government, and unless otherwise noted, component units reported separately from the primary government are not included. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- For the year ended June 30, 2022, the assets of the City exceeded its liabilities by \$24,868,202 (net position) compared to \$21,474,541, noting an increase over prior year.
- The City's total net position is comprised of the following:
 - (1) Net investment in capital assets of \$14,169,685 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase of construction of capital assets.
 - (2) Restricted net position of \$3,237,946 consist mainly of restricted liquid assets generated from sales tax collection used to fund capital improvements. The City noted a decrease in restricted assets due to the use of funds for capital improvements in the City.
 - (3) Unrestricted net position of \$7,460,571 may be used to meet the City's ongoing obligations to citizens and creditors.
- After transfers of \$2,307,937 from business-type activities to governmental activities, net position of governmental activities increased \$2,121,166 or 17%, and net position of business-type activities increased \$1,160,834 or 13%. Refer to discussion below regarding the change in net position. Overall, the health of the City improved 15% when compared to prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The City also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The City's annual reporting includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the *Statement of Net Position*. This is the City-wide statement of financial position presenting information that includes all of the City's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indication of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall economic health of the City would extend to other financial factors such as diversification of the taxpayer base or the condition of the City infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the City's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinctively report governmental activities of the City that are principally supported by taxes and intergovernmental revenues, such as grants, and business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities includes general government; public safety and judiciary; transportation; and

cultural, parks, and recreation. Business-types activities include utility services, including electricity, water, and sanitation, provided by the City.

The City's financial reporting entity includes the funds of the City (primary government) and organization for which the City is accountable (component units). The Perry Municipal Hospital Authority is a separate legal entity which operates independently and provides services directly to the citizens though the City remains accountable for their actions. As such, the Perry Municipal Hospital Authority is reported separately from the primary government through included in the City's overall reporting entity. More comprehensive information about the City's component units can be found in footnotes.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole.

The City has two kinds of funds:

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is different with fund statements reporting short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.

Budgetary comparison statement is included in the basic financial statement for governmental funds deemed as major. This statement demonstrates compliance with the City's adopted and final revised budget.

Proprietary funds are reported in the fund financial statements and generally report services for which the City charges customers a fee. The City has one type of proprietary fund, enterprise funds. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the City organization such as water, sanitation, and electric utilities.

Proprietary fund statements and statements for discretely presented component units (reporting similarly to proprietary funds) provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. Those notes to the financial statement begin immediately following the basic financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report presents certain *Required Supplementary Information* concerning the City's compliance with the approved and revised budget for major governmental funds.

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

The City's combined net position increased between fiscal years 2021 and 2022, noting a \$3.3 million or 16% change. The following table provides a summary of the City's net position at June 30:

	Governmental Activities		Business-Type Activities		Total		Change	
	2022	2021	2022	2021	2022	2021	\$	%
Current assets	\$ 9,450,961	\$ 6,855,805	\$ 5,684,201	\$ 5,613,459	\$ 15,135,162	\$ 12,469,264	\$ 2,665,898	21%
Capital assets, net	11,420,058	11,218,715	11,845,634	12,199,989	23,265,692	23,418,704	(153,012)	-1%
Total assets	20,871,019	18,074,520	17,529,835	17,813,448	38,400,854	35,887,968	2,512,886	7%
Deferred outflows	1,108,301	1,260,019	-	-	1,108,301	1,260,019	(151,718)	-12%
Current liabilities	885,370	997,571	1,557,283	1,931,388	2,442,653	2,928,959	(486,306)	-17%
Non-current liabilities	3,291,818	5,147,072	6,047,880	7,118,222	9,339,698	12,265,294	(2,925,596)	-24%
Total liabilities	4,177,188	6,144,643	7,605,163	9,049,610	11,782,351	15,194,253	(3,411,902)	-22%
Deferred inflows	2,858,602	479,193	-	-	2,858,602	479,193	2,379,409	497%
Net position								
Net investment in capital assets	8,675,058	8,013,715	5,494,627	7,740,831	14,169,685	15,754,546	(1,584,861)	-10%
Restricted	2,269,231	2,788,210	968,715	405,384	3,237,946	3,193,594	44,352	1%
Unrestricted	3,999,241	1,908,778	3,461,330	617,623	7,460,571	2,526,401	4,934,170	195%
Total net position	\$ 14,943,530	\$ 12,710,703	\$ 9,924,672	\$ 8,763,838	\$ 24,868,202	\$ 21,474,541	\$ 3,393,661	16%

The City reported positive balances in net position for both governmental and business-type activities. Total assets for the City increased 7% over prior year, which is the result of an increase in liquid assets held by the City.

The City's total liabilities decreased 22% when compared to prior year. During the year, the City made regularly scheduled payments on outstanding debt which contributed to the decrease in liabilities. Additionally, the City's pension obligations decreased \$1.4 million. As detailed in the footnotes, the City participates in three pension plans. Each pension plan is subject to annual actuarial valuation performed by a third-party. The results of the valuation are reported in the City's financial statements.

Changes in Net Position

For the year ended June 30, 2022, net position of the primary government changed as follows:

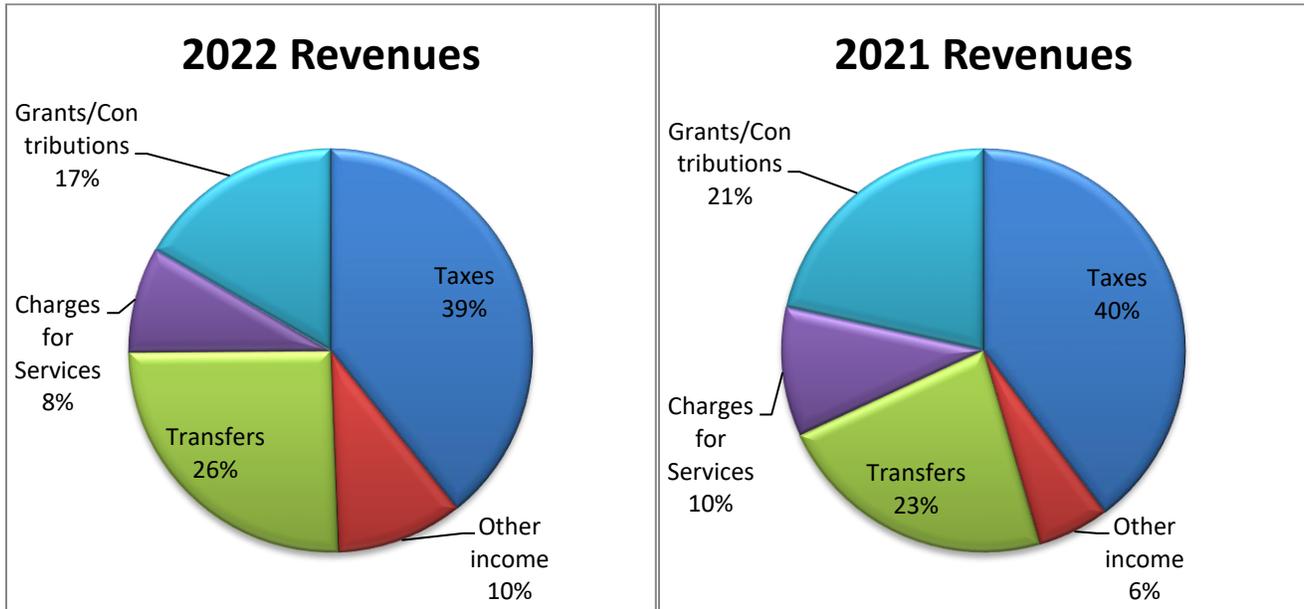
	Governmental Activities		Business-type Activities		Total		\$ Change	% Change
	2022	2021	2022	2021	2022	2021		
Revenues								
Program revenues	\$ 2,274,665	\$ 2,449,103	\$ 13,103,940	\$ 11,646,979	\$ 15,378,605	\$ 14,096,082	\$ 1,282,523	9%
Taxes and other general revenues	4,472,215	3,491,998	265	1,420	4,472,480	3,493,418	979,062	28%
Pension change	442,606	72,028	-	-	442,606	72,028	370,578	514%
Total revenues	7,189,486	6,013,129	13,104,205	11,648,399	20,293,691	17,661,528	2,632,163	15%
Expenses								
General government	869,348	878,338	-	-	869,348	878,338	(8,990)	-1%
Public safety and judiciary	2,447,500	2,247,212	-	-	2,447,500	2,247,212	200,288	9%
Transportation	1,085,750	866,931	-	-	1,085,750	866,931	218,819	25%
Cultural, parks, and recreation	911,830	693,177	-	-	911,830	693,177	218,653	32%
Cemetery	109,306	96,020	-	-	109,306	96,020	13,286	14%
Ambulance	898,761	804,650	-	-	898,761	804,650	94,111	12%
Economic development	285,686	265,973	-	-	285,686	265,973	19,713	7%
Electric	-	-	5,843,306	5,110,856	5,843,306	5,110,856	732,450	14%
Water	-	-	1,551,276	1,642,272	1,551,276	1,642,272	(90,996)	-6%
Sewer	-	-	740,159	560,334	740,159	560,334	179,825	32%
Sanitation	-	-	489,108	506,537	489,108	506,537	(17,429)	-3%
Customer service	-	-	531,811	592,701	531,811	592,701	(60,890)	-10%
Airport	-	-	479,774	447,889	479,774	447,889	31,885	7%
Total expenses	6,608,181	5,852,301	9,635,434	8,860,589	16,243,615	14,712,890	1,530,725	10%
Excess (deficiency) before transfers	\$ 581,305	\$ 160,828	\$ 3,468,771	\$ 2,787,810	\$ 4,050,076	\$ 2,948,638	\$ 1,101,438	37%
Transfers	2,307,937	1,736,630	(2,307,937)	(1,736,630)	-	-	-	0%
Transfer to other governments	(588,076)	(528,961)	-	-	(588,076)	(528,961.00)	(59,115)	0%
Increase (decrease) in net position	\$ 2,301,166	\$ 1,368,497	\$ 1,160,834	\$ 1,051,180	\$ 3,462,000	\$ 2,419,677	\$ 1,042,323	43%

Total revenues for the City increased \$2.6 million or 15% when compared to prior year. Program revenues increased due to federal grant funding for airport improvements and a second tranche of Coronavirus Aid, Relief, and Economic Security Act (“CARES” Act) funding. These federal funds are recorded as Program Revenues for the City resulting in a notable increase from prior year. Additionally, electric revenues noted a marked increase based upon the winter storm in February 2021. Sales and use tax reported under “taxes and general revenues” also increased when compared to prior year. A positive change in the pension obligation resulted in \$443 thousand which also contributed to the increase in revenues over prior year.

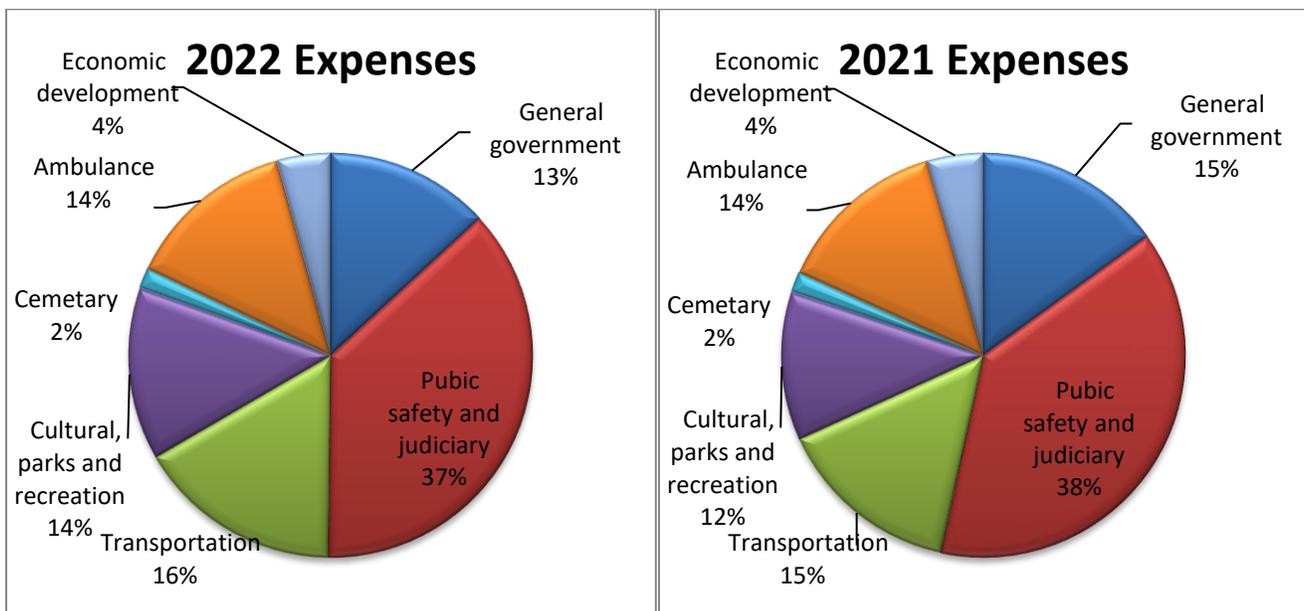
As expected, operating expenses moved in line with revenues, noting a 10% or \$1.5 million dollar increase. The Electric department reported the most significant increase at \$732 thousand due to the cost of electricity related to usage during the February 2021 winter storm. Public safety, specifically the police department, reflected a notable increase due to personnel and related costs. Transportation costs increased due to depreciation on improvements made to the system.

The City reflected an increase in net position of \$1 million dollars.

Graphic presentations of selected data from the summary table follow to assist in the analysis of the City's activities.



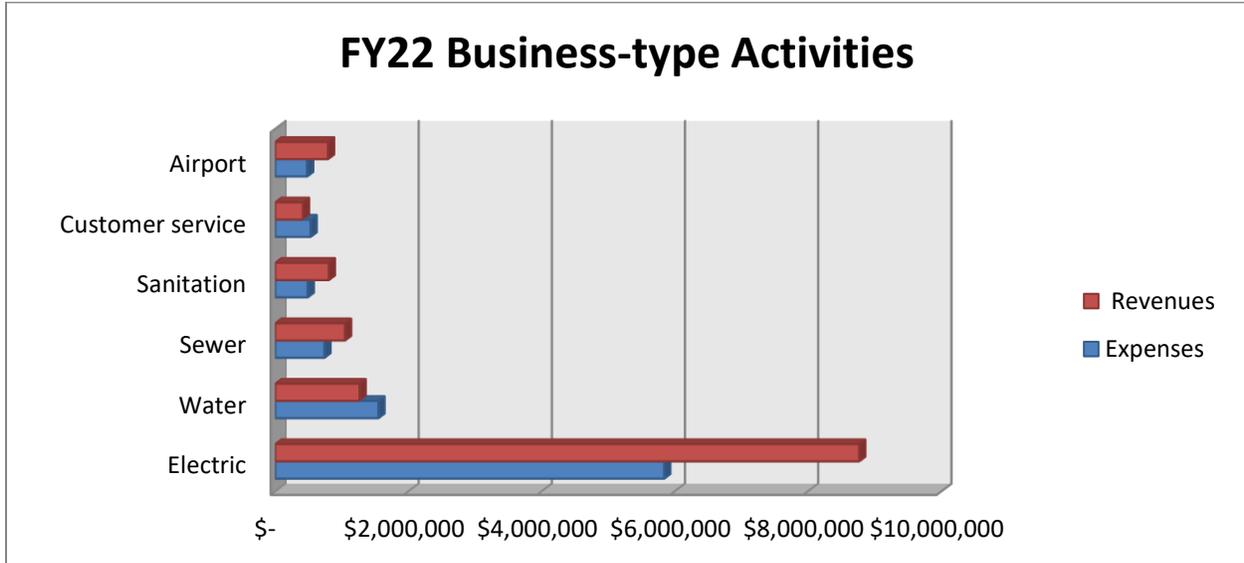
Taxes provided for 39% of the City's governmental revenues in fiscal year 2022, which decreased from prior year of 40%. Grants and contributions were a large contributor during the year due to the grant funding discussed above. All other sources remained consistent between fiscal years.



For the year ended June 30, 2022, total expenses for governmental activities were \$6,608,181 compared to prior year of \$5,852,301. Of this amount, public safety, and judiciary with \$2,447,500, was the largest operating service department at 37% of the total cost of services for the City government, which is consistent with prior year. The next largest use of funds for the City was Transportation at \$1,085,750. The allocation of expense between departments was consistent year over year. These costs, as well as all other governmental activity expenses, were primarily funded by tax revenues and transfers in from the Perry Municipal Authority.

It should be noted that governmental expenses are adjusted from the fund statements to the government-wide statements for the purchase and construction of capital assets. Government-wide statement is full accrual; capital outlay expenses are eliminated and capital assets are reported.

Business-type Activities



Business-type activities are shown comparing costs to revenues generated by the related services. Sanitation, Sewer, Water, and Electric activities are intended to be self-supporting with user charges and other revenues designed to recover costs. Other activities provide services with minimal user charges.

For the fiscal year ended June 30, 2022, revenues from electric, sewer, and sanitation services covered the cost of operating their respective departments.

General Fund Budgetary Highlights

The original adopted General Fund budget for fiscal year 2022 was \$5,729,056, a 5% increase over prior year's budget of \$5,442,048. Budget amendments were approved during the fiscal year increasing the budget by \$2,088,885, for a final amended budget of \$7,817,941 prior to transfers. The General Fund budget complied with financial policies approved by the City.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2022, the City had \$14,169,685 net investment in capital assets, including vehicles and equipment for police and fire operations, street improvements, and park facilities, in governmental activities and electric lines, water lines and sewer lines in business-type activities. Refer to the table below.

Primary Government Capital Assets (net of accumulated depreciation)

	Governmental		Business-type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Land	\$ 2,197,504	\$ 1,307,376	\$ 504,810	\$ 500,000	\$ 2,702,314	\$ 1,807,376
Construction in process	2,524,096	3,364,936	6,236,586	6,170,731	8,760,682	9,535,667
Buildings	176,350	176,350	129,915	142,212	306,265	318,562
Machinery & equipment	591,949	431,255	403,822	465,976	995,771	897,231
Utility property & improvements	5,930,159	5,898,798	4,570,502	4,921,070	10,500,661	10,819,868
Totals	\$ 11,420,058	\$ 11,178,715	\$ 11,845,635	\$ 12,199,989	\$ 23,265,693	\$ 23,378,704

- In Governmental Activities, the City spent over \$895 thousand on economic development during the year, \$180 thousand on an asphalt zipper, and various other improvements during the year.
- In Business-type activities, capital additions included over \$342 thousand in airport improvements and \$551 thousand in water and sewer improvements.

Long-Term Debt

At year-end, the City had \$11,353,924 in long-term debt outstanding, detailed below.

Primary Government Long-Term Debt

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Notes payable	-	-	2,143,223	2,621,637	2,143,223	2,621,637
Bonds payable	2,745,000	3,165,000	4,975,000	5,520,000	7,720,000	8,685,000
Customer deposits	-	-	513,883	502,095	513,883	502,095
Pension liability	976,818	2,402,072	-	-	976,818	2,402,072
Subtotal	3,721,818	5,567,072	7,632,106	8,643,732	11,353,924	14,210,804
less current portion	(430,000)	(420,000)	(1,083,883)	(1,023,415)	(1,513,883)	(1,443,415)
Totals	3,291,818	5,147,072	6,548,223	7,620,317	9,840,041	12,767,389

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Economic Environment

According to the Oklahoma State University, Spears School of Business, *Economic Outlook 2022 Summer Update* "The state and national economies have recovered from the damage wrought by the COVID-19 pandemic. While income and output have long since risen above their pre-pandemic levels, in large part spurred by massive fiscal and monetary stimulus, state and national employment are just now returning to pre-pandemic levels. Yet, although the major economic aggregates have recovered, the economy has not fully returned to pre-pandemic form." The City has continued to be proactive in unknown changes resulting from the pandemic in the upcoming year as well as providing a strong foot forward in the future of this community.

Future Plans of the City

The City has adopted a budget that will meet the continuing needs of the City.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk's Office at Perry City Hall, 622 Cedar Street, Perry, Oklahoma, 73077-0798.

City of Perry, Oklahoma
Statement of Net Position
June 30, 2022

ASSETS	Governmental Activities	Business-type Activities	Total
Current Assets:			
Cash and cash equivalents	\$ 3,436,791	\$ 2,530,289	\$ 5,967,080
Investments	705,855	408,523	1,114,378
Accounts receivable (net)	969,245	1,105,226	2,074,471
Other receivables	435,503	140,570	576,073
Inventory	-	16,995	16,995
Total current assets	<u>5,547,394</u>	<u>4,201,603</u>	<u>9,748,997</u>
Restricted assets:			
Cash and cash equivalents	2,155,583	767,216	2,922,799
Investments	113,648	715,382	829,030
Total restricted assets	<u>2,269,231</u>	<u>1,482,598</u>	<u>3,751,829</u>
Noncurrent Assets:			
Land and construction in progress	4,721,600	6,741,396	11,462,996
Other capital assets (net of accumulated depreciation)	6,698,458	5,104,238	11,802,696
Other assets	85,857	-	85,857
Pension asset	1,548,479	-	1,548,479
Total noncurrent assets	<u>13,054,394</u>	<u>11,845,634</u>	<u>24,900,028</u>
Total assets	<u>\$ 20,871,019</u>	<u>\$ 17,529,835</u>	<u>\$ 38,400,854</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred charges on pension obligations	<u>1,108,301</u>	<u>-</u>	<u>1,108,301</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 3,130	\$ 58,316	\$ 61,446
Other accrued liabilities	-	20,667	20,667
Due to other funds	142,116	(142,116)	-
Accrued salary and vacation payable	94,062	36,190	130,252
Payroll taxes payable	216,062	-	216,062
Notes payable, current	-	500,343	500,343
Total current liabilities	<u>455,370</u>	<u>473,400</u>	<u>928,770</u>
Liabilities payable from restricted assets:			
Customer deposits payable	-	513,883	513,883
Bonds payable, current	430,000	570,000	1,000,000
Total liabilities payable from restricted assets	<u>430,000</u>	<u>1,083,883</u>	<u>1,513,883</u>
Noncurrent liabilities:			
Notes payable, non-current	-	1,642,880	1,642,880
Bonds payable, non-current	2,315,000	4,405,000	6,720,000
Pension liability	976,818	-	976,818
Total noncurrent liabilities	<u>3,291,818</u>	<u>6,047,880</u>	<u>9,339,698</u>
Total liabilities	<u>4,177,188</u>	<u>7,605,163</u>	<u>11,782,351</u>
DEFERRED INFLOW OF RESOURCES			
Deferred charges on pension obligations	<u>2,858,602</u>	<u>-</u>	<u>2,858,602</u>
NET POSITION			
Net investment in capital assets	8,675,058	5,494,627	14,169,685
Reserved for restricted purposes	2,269,231	968,715	3,237,946
Unrestricted	3,999,241	3,461,330	7,460,571
Total net position	<u>\$ 14,943,530</u>	<u>\$ 9,924,672</u>	<u>\$ 24,868,202</u>

City of Perry, Oklahoma
Statement of Activities
Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	
Governmental activities:					
General government:					
General government	\$ 869,348	\$ 111,672	\$ 848,812	\$ -	\$ 91,136
Total general government	869,348	111,672	848,812	-	91,136
Public safety and judiciary:					
Police	1,692,518	142,364	8,934	-	(1,541,220)
Code enforcement	168,031	9,913	-	-	(158,118)
Animal control	46,999	1,405	-	-	(45,594)
Fire	432,102	-	4,763	-	(427,339)
Municipal court	107,850	27,317	-	-	(80,533)
Total public safety and judiciary	2,447,500	180,999	13,697	-	(2,252,804)
Transportation:					
Street	1,085,750	675	44,034	-	(1,041,041)
Total transportation	1,085,750	675	44,034	-	(1,041,041)
Cultural, parks and recreation:					
Park	317,719	41,944	-	-	(275,775)
Swimming pool	37,094	10,770	-	-	(26,324)
Ball park	224,165	100,241	2,000	-	(121,924)
Library	266,399	1,972	70,044	-	(194,383)
Public access	66,453	-	-	-	(66,453)
Total cultural, parks and recreation	911,830	154,927	72,044	-	(684,859)
Cemetery:					
Cemetery	109,306	40,073	-	-	(69,233)
Total cemetery	109,306	40,073	-	-	(69,233)
Ambulance					
Ambulance	898,761	275,474	299,921	-	(323,366)
Total ambulance	898,761	275,474	299,921	-	(323,366)
Economic development:					
Economic development	285,686	-	232,337	-	(53,349)
Total economic development	285,686	-	232,337	-	(53,349)
Total governmental activities	6,608,181	763,820	1,510,845	-	(4,333,516)
Business-type activities:					
Utility services:					
Electric	5,843,306	8,750,486	20,000	-	2,927,180
Water	1,551,276	1,268,604	-	-	(282,672)
Sewer	740,159	1,048,964	-	-	308,805
Sanitation	489,108	805,693	-	-	316,585
Customer service	531,811	237,185	179,927	-	(114,699)
Airport	479,774	130,749	-	662,332	313,307
Total business-type activities	9,635,434	12,241,681	199,927	662,332	3,468,506
Total	\$ 16,243,615	\$ 13,005,501	\$ 1,710,772	\$ 662,332	\$ (865,010)

City of Perry, Oklahoma
Statement of Activities (continued)
Year Ended June 30, 2022

Changes in Net Position:

	Governmental Activities	Business-type Activities	Total
Net (expense)/revenue	\$ (4,333,516)	\$ 3,468,506	\$ (865,010)
General revenues:			
Taxes:			
Sales and use tax	\$ 3,172,174	-	3,172,174
Franchise taxes	122,925	-	122,925
911 tax	123,071	-	123,071
Alcohol beverage tax	116,261	-	116,261
Tobacco tax	19,897	-	19,897
Investment income	16,075	184	16,259
Royalties	322,203	81	322,284
Other income	579,609	-	579,609
Pension change	442,606	-	442,606
Transfers-Internal activity	2,307,937	(2,307,937)	-
Transfers to other governments	(588,076)	-	(588,076)
Total general revenues and transfers	<u>\$ 6,634,682</u>	<u>(2,307,672)</u>	<u>4,327,010</u>
Change in net position	2,301,166	1,160,834	3,462,000
Net position-beginning	12,710,703	8,763,838	21,474,541
Prior period adjustment	(68,339)	-	(68,339)
Net position-ending	<u>\$ 14,943,530</u>	<u>\$ 9,924,672</u>	<u>\$ 24,868,202</u>

City of Perry, Oklahoma
Balance Sheet
Governmental Funds
June 30, 2022

	General Fund	2016 Bond Fund	Limited Purpose Sales Tax	Street Improvement Fund	Non-Major Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 4,129,121	\$ -	\$ -	\$ -	\$ 13,525	\$ 4,142,646
Cash and investments, restricted	818,080	(416,313)	1,258,128	429,728	179,608	2,269,231
Accounts receivable	1,065,784	-	-	-	-	1,065,784
Allowance for doubtful accounts	(96,539)	-	-	-	-	(96,539)
Taxes receivable	154,274	-	124,755	55,447	-	334,476
Other assets	85,857	-	-	-	-	85,857
Total assets	<u>\$ 6,156,577</u>	<u>\$ (416,313)</u>	<u>\$ 1,382,883</u>	<u>\$ 485,175</u>	<u>\$ 193,133</u>	<u>\$ 7,801,455</u>
LIABILITIES						
Accounts payable	\$ 3,130	\$ -	\$ -	\$ -	\$ -	\$ 3,130
Due to other funds	41,089	-	-	-	-	41,089
Compensated absences	91,053	-	-	-	3,009	94,062
Accrued payroll liabilities	216,062	-	-	-	-	216,062
Total liabilities	<u>351,334</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,009</u>	<u>354,343</u>
FUND BALANCES						
Restricted	350,710	(416,313)	1,382,883	485,175	179,608	1,982,063
Committed	69,674	-	-	-	10,516	80,190
Assigned	200,062	-	-	-	-	200,062
Unassigned	5,184,797	-	-	-	-	5,184,797
Total fund balances	<u>5,805,243</u>	<u>(416,313)</u>	<u>1,382,883</u>	<u>485,175</u>	<u>190,124</u>	<u>7,447,112</u>
Total liabilities and fund balances	<u>\$ 6,156,577</u>	<u>\$ (416,313)</u>	<u>\$ 1,382,883</u>	<u>\$ 485,175</u>	<u>\$ 193,133</u>	<u>\$ 7,801,455</u>
Total fund balance- total governmental funds						\$ 7,447,112
Amounts reported for governmental activities in the Statement of Net Position are different because:						
Land and capital assets, net of accumulated depreciation, are not financial resources and, therefore, are not reported in the funds.						
					\$ 4,721,600	
					21,113,886	
					<u>(14,415,428)</u>	11,420,058
Long-term receivables are not due and receivable in the current period and are not reported in the funds.						
						101,027
Long-term liabilities are not due and payable in the current period and are not reported in the funds.						
					(101,027)	
					(2,745,000)	
					(1,750,301)	
					<u>571,661</u>	<u>(4,024,667)</u>
Net position of governmental activities						<u>\$ 14,943,530</u>

City of Perry, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
June 30, 2022

	General Fund	2016 Bond Fund	Limited Purpose Sales Tax	Street Improvement Fund	Non-Major Funds	Total Governmental Funds
REVENUES						
Sales tax	\$ 599,178	\$ -	\$ 1,348,150	\$ 599,178	\$ -	\$ 2,546,506
Use tax	625,668	-	-	-	-	625,668
Franchise tax	90,571	-	-	-	32,354	122,925
Hotel/motel tax	232,337	-	-	-	-	232,337
Other taxes	603,184	-	-	-	-	603,184
Licenses and permits	96,189	-	-	-	-	96,189
Rents & royalties	386,359	-	-	-	-	386,359
Fines and forfeitures	176,918	-	-	-	-	176,918
Charges for services	386,485	-	-	-	40,072	426,557
Intergovernmental revenues	931,563	-	-	-	-	931,563
Donations	236,190	-	-	-	-	236,190
Other revenues	346,409	-	-	-	-	346,409
Interest	16,075	-	-	-	-	16,075
Total revenues	<u>4,727,126</u>	<u>-</u>	<u>1,348,150</u>	<u>599,178</u>	<u>72,426</u>	<u>6,746,880</u>
EXPENDITURES						
General government:						
General government	760,981	-	-	-	-	760,981
Total general government	<u>760,981</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>760,981</u>
Public safety and judiciary:						
Police	1,665,253	-	-	-	-	1,665,253
Code enforcement	168,031	-	-	-	-	168,031
Animal control	46,482	-	-	-	-	46,482
Fire	416,721	-	-	-	-	416,721
Municipal court	93,610	-	-	-	-	93,610
Total public safety and judiciary	<u>2,390,097</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,390,097</u>
Transportation:						
Street	414,287	-	-	-	-	414,287
Total transportation	<u>414,287</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>414,287</u>
Cultural, parks and recreation:						
Parks	266,040	-	-	-	-	266,040
Swimming pool	37,094	-	-	-	-	37,094
Ball park	224,165	-	-	-	-	224,165
Library	255,819	-	-	-	-	255,819
Public access	-	-	-	-	66,453	66,453
Total cultural, parks and recreation	<u>783,118</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,453</u>	<u>849,571</u>
Cemetery:						
General cemetery	-	-	-	-	104,022	104,022
Total cemetery	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,022</u>	<u>104,022</u>
Ambulance:						
Ambulance	829,733	-	-	-	-	829,733
Total ambulance	<u>829,733</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>829,733</u>
Economic development:						
Economic development	73,564	-	-	-	-	73,564
Total economic development	<u>73,564</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,564</u>
Capital outlay	1,352,085	-	-	-	-	1,352,085
Debt service						
Principle	-	-	-	420,000	-	420,000
Interest	-	-	-	75,184	-	75,184
Total expenditures	<u>6,603,865</u>	<u>-</u>	<u>-</u>	<u>495,184</u>	<u>170,475</u>	<u>7,269,524</u>
Excess (deficiency) of revenues over expenditures	<u>(1,876,739)</u>	<u>-</u>	<u>1,348,150</u>	<u>103,994</u>	<u>(98,049)</u>	<u>(522,644)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	2,948,793	-	-	-	86,796	3,035,589
Transfers out	-	(141,292)	(586,360)	-	-	(727,652)
Transfer out to other governments	-	-	(588,076)	-	-	(588,076)
Total other financing sources and uses	<u>2,948,793</u>	<u>(141,292)</u>	<u>(1,174,436)</u>	<u>-</u>	<u>86,796</u>	<u>1,719,861</u>
Net change in fund balances	1,072,054	(141,292)	173,714	103,994	(11,253)	1,197,217
Fund balances - beginning	4,341,461	185,046	1,209,169	381,181	201,377	6,318,234
Prior period adjustment	391,728	(460,067)	-	-	-	(68,339)
Fund balances - ending	<u>\$ 5,805,243</u>	<u>\$ (416,313)</u>	<u>\$ 1,382,883</u>	<u>\$ 485,175</u>	<u>\$ 190,124</u>	<u>\$ 7,447,112</u>

City of Perry, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
June 30, 2022

Net change in fund balances - total governmental funds \$ 1,197,217

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital asset purchases	1,352,085	
Depreciation expense	<u>(1,110,742)</u>	241,343

Repayment of debt principle is an expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Debt activity reported in the fund statements		
Series 2016 bond principle		420,000

In the statement of activities, the cost of pension benefits earned net of employee contributions are reported as an component of pension expense. The fund financial statements report pension contributions as expenditures.

442,606

Change in Net Position of Governmental Activities		<u><u>\$ 2,301,166</u></u>
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City of Perry, Oklahoma
Statement of Fund Net Position
Proprietary Funds
June 30, 2022

	Public Utility Authority	Airport Authority	Total Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,374,061	\$ 156,228	\$ 2,530,289
Investments	408,523	-	408,523
Accounts receivable	1,121,573	15,503	1,137,076
Allowance for doubtful accounts	(16,872)	(14,978)	(31,850)
Grant receivable	-	140,570	140,570
Inventory	-	16,995	16,995
Total current assets	<u>3,887,285</u>	<u>314,318</u>	<u>4,201,603</u>
Current assets:			
Restricted assets:			
Cash, including time deposits	767,216	-	767,216
Investments	715,382	-	715,382
Total restricted assets	<u>1,482,598</u>	<u>-</u>	<u>1,482,598</u>
Noncurrent assets:			
Due from other funds	142,116	-	142,116
Capital assets (net)	9,155,799	2,689,835	11,845,634
Total noncurrent assets	<u>9,297,915</u>	<u>2,689,835</u>	<u>11,987,750</u>
Total assets	<u>\$ 14,667,798</u>	<u>\$ 3,004,153</u>	<u>\$ 17,671,951</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 58,316	\$ -	\$ 58,316
Sales tax payable	20,667	-	20,667
Compensated absences	33,858	2,332	36,190
Notes payable, current	500,343	-	500,343
Total current liabilities	<u>613,184</u>	<u>2,332</u>	<u>615,516</u>
Liabilities payable from restricted assets:			
Customer deposits payable	513,883	-	513,883
Bonds payable, current	570,000	-	570,000
Total liabilities payable from restricted assets	<u>1,083,883</u>	<u>-</u>	<u>1,083,883</u>
Noncurrent liabilities:			
Notes payable, non-current	1,642,880	-	1,642,880
Bonds payable, non-current	4,405,000	-	4,405,000
Total noncurrent liabilities	<u>6,047,880</u>	<u>-</u>	<u>6,047,880</u>
Total liabilities	<u>7,744,947</u>	<u>2,332</u>	<u>7,747,279</u>
NET POSITION			
Net investment in capital assets	7,012,576	2,689,835	9,702,411
Restricted	968,715	-	968,715
Unrestricted	<u>(1,058,440)</u>	<u>311,986</u>	<u>(746,454)</u>
Total net position	<u>\$ 6,922,851</u>	<u>\$ 3,001,821</u>	<u>\$ 9,924,672</u>

City of Perry, Oklahoma
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2022

	Public Utility Authority	Airport Authority	Total Enterprise Funds
<u>Operating revenues:</u>			
Charges for services:			
Electric charges	\$ 8,770,486	\$ -	\$ 8,770,486
Water charges	1,268,604	-	1,268,604
Sewer charges	1,048,964	-	1,048,964
Sanitation charges	805,693	-	805,693
Penalties	115,336	-	115,336
Total charges for services	<u>12,009,083</u>	<u>-</u>	<u>12,009,083</u>
Service charges	179,927	-	179,927
Lease and rental income	-	26,205	26,205
Other fees and charges	121,849	-	121,849
Fees & oil sales	-	104,544	104,544
Total operating revenues	<u>12,310,859</u>	<u>130,749</u>	<u>12,441,608</u>
<u>Operating expenses:</u>			
Personal services	1,277,352	111,001	1,388,353
Materials and supplies	429,722	24,174	453,896
Purchases for resale	5,175,666	77,077	5,252,743
Other services and charges	719,447	29,486	748,933
Depreciation	1,266,361	238,036	1,504,397
Total operating expenses	<u>8,868,548</u>	<u>479,774</u>	<u>9,348,322</u>
Net operating income	3,442,311	(349,025)	3,093,286
<u>Nonoperating revenue (expense):</u>			
Investment income	184	-	184
Royalty income	-	81	81
Grant revenue	-	662,332	662,332
Interest expense	(287,112)	-	(287,112)
Total nonoperating revenue (expense)	<u>(286,928)</u>	<u>662,413</u>	<u>375,485</u>
Net Income before contributions and transfers	3,155,383	313,388	3,468,771
Transfers from other funds	728,564	325,000	1,053,564
Transfers to other funds	(3,361,501)	-	(3,361,501)
Change in net position	522,446	638,388	1,160,834
Net position-beginning of year	6,400,405	2,363,433	8,763,838
Net position-end of year	<u>\$ 6,922,851</u>	<u>\$ 3,001,821</u>	<u>\$ 9,924,672</u>

City of Perry, Oklahoma
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2022

	Public Utility Authority	Airport Authority	Total Enterprise Funds
<u>Cash flows from operating activities:</u>			
Receipts from customers	\$ 12,230,014	\$ 10,458	\$ 12,240,472
Payments to suppliers	(6,325,928)	(565,255)	(6,891,183)
Payments to employees	(1,278,934)	(109,729)	(1,388,663)
Net cash provided (used) by operating activities	4,625,152	(664,526)	3,960,626
<u>Cash flows from non-capital financing activities:</u>			
Transfers from other funds	728,564	325,000	1,053,564
Transfers to other funds	(3,361,501)	-	(3,361,501)
Receipts from nonoperating income and contributions	121,849	81	121,930
Net cash provided (used) by non-capital financing activities	(2,511,088)	325,081	(2,186,007)
<u>Cash flows from capital and related financing activities:</u>			
Purchases of capital assets	(809,535)	(340,507)	(1,150,042)
Principal paid on capital debt	(1,023,414)	-	(1,023,414)
Interest paid on capital debt	(287,112)	-	(287,112)
Receipts from capital grant funding	105,710	662,332	768,042
Net cash provided (used) by capital and related financing activities	(2,014,351)	321,825	(1,692,526)
<u>Cash flows from investing activities:</u>			
(Purchase) of investments	(9,581)	-	(9,581)
Investment income	184	-	184
Net cash provided (used) by investing activities	(9,397)	-	(9,397)
Net increase (decrease) in cash and cash equivalents	90,316	(17,620)	72,696
Cash & cash equivalents, June 30, 2021	3,262,581	173,848	3,436,429
Cash & cash equivalents, June 30, 2022	\$ 3,352,897	\$ 156,228	\$ 3,509,125
Cash, including time deposits	\$ 2,374,061	\$ 156,228	2,530,289
Restricted cash, including time deposits	767,216	-	767,216
Total cash and cash equivalents, end of year	\$ 3,141,277	\$ 156,228	\$ 3,297,505
<u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</u>			
Operating income (loss)	\$ 3,442,311	\$ (349,025)	\$ 3,093,286
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	1,266,361	238,036	1,504,397
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(80,845)	(120,291)	(201,136)
(Increase) decrease in grant receivable	-	-	-
(Increase) decrease in inventory	-	(9,538)	(9,538)
Increase (decrease) in accounts payable	10,695	(424,980)	(414,285)
Increase (decrease) in deposits subject to refund	(11,788)	-	(11,788)
Increase (decrease) in compensated absences	(1,582)	1,272	(310)
Total adjustments	1,182,841	(315,501)	867,340
Net cash provided (used) by operating activities	\$ 4,625,152	\$ (664,526)	\$ 3,960,626

**City of Perry, Oklahoma
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2022**

	<u>General Cemetery Fund</u>	<u>Cemetery Care Fund</u>	<u>Public Access Fund</u>	<u>Total Non-Major Funds</u>
ASSETS				
Cash and cash equivalents	\$ 7,956	\$ 65,960	\$ 5,569	\$ 79,485
Investments	-	113,648	-	113,648
Total assets	<u>\$ 7,956</u>	<u>\$ 179,608</u>	<u>\$ 5,569</u>	<u>\$ 193,133</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued vacation payable	737	-	2,272	3,009
Total liabilities	<u>737</u>	<u>-</u>	<u>2,272</u>	<u>3,009</u>
FUND BALANCES				
Restricted	-	179,608	-	179,608
Committed	7,219	-	3,297	10,516
Total fund balances	<u>7,219</u>	<u>179,608</u>	<u>3,297</u>	<u>190,124</u>
Total liabilities and fund balances	<u>\$ 7,956</u>	<u>\$ 179,608</u>	<u>\$ 5,569</u>	<u>\$ 193,133</u>

City of Perry, Oklahoma
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
June 30, 2022

	General Cemetery Fund	Cemetery Care Fund	Public Access Fund	Total Non-Major Funds
<u>REVENUES</u>				
Franchise taxes	\$ -	\$ -	\$ 32,354	\$ 32,354
Charges for services	33,742	6,330	-	40,072
Total revenues	<u>33,742</u>	<u>6,330</u>	<u>32,354</u>	<u>72,426</u>
<u>EXPENDITURES</u>				
Cultural, parks and recreation:				
General cemetery	104,022	-	-	104,022
Public information network	-	-	66,453	66,453
Total cultural, parks and recreation	<u>104,022</u>	<u>-</u>	<u>66,453</u>	<u>170,475</u>
Total expenditures	<u>104,022</u>	<u>-</u>	<u>66,453</u>	<u>170,475</u>
Excess (deficiency) of revenues over expenditures	<u>(70,280)</u>	<u>6,330</u>	<u>(34,099)</u>	<u>(98,049)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in/(out)	77,111	-	9,685	86,796
Total other financing sources and uses	<u>77,111</u>	<u>-</u>	<u>9,685</u>	<u>86,796</u>
Net change in fund balances	6,831	6,330	(24,414)	(11,253)
Fund balances - beginning	388	173,278	27,711	201,377
Fund balances - ending	<u>\$ 7,219</u>	<u>\$ 179,608</u>	<u>\$ 3,297</u>	<u>\$ 190,124</u>

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The City of Perry, Oklahoma (the "City") was organized in September 1893 and is incorporated under the provisions of the State of Oklahoma per Executive Department Proclamation on January 6, 1902. Upon incorporation, the City operated under the Aldermanic form of government. On November 11, 2006, the citizens of the City approved a change in the structure of the City government from Aldermanic to a Council-Manager form. This change was approved by Governor Brad Henry on January 4, 2007 and the amended municipal City charter was approved. The City provides the following services: public safety (police and fire protection), street maintenance, utility (sanitation, water, sewer, and electric), culture and recreation, public improvements, planning and zoning, and general administrative services.

The Reporting Entity

The City, for financial purposes, includes all of the funds and account groups relevant to the operation of the City of Perry. The accompanying financial statements present the City's primary government and component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the City.

Due to restrictions of the state constitution relating to the issuance of municipal debt, public trusts are created to finance City services with revenue bonds or other non-general obligation financing and provide for multi-year contracting. Financing services provided by these public trusts are solely for the benefit of the City. Public trusts created to provide financing services are blended into the City's primary government as an integral part of City operations although retaining separate legal identity. Component units that do not meet the criteria from blending are reported discretely.

Blended Component Units Reported with Primary Government

Perry Municipal Authority (PMA) – was established December 6, 1993 to operate the City's electrical system. Subsequent amendments have transferred operations of all the utility systems, as well as the airport to the Authority. The activity of the Authority includes electric, water, sewer, and sanitation services, as well as the operations of the municipal airport. PMA is reported in two funds in the business-type activities, the Public Utility Authority and the Airport Authority.

Discretely Presented Component Units

Perry Economic Development Authority (PEDA) – was established September 26, 1995 to promote the economic development of the City. PEDA is a legally separate entity from the City and is governed by no more than 12 trustees, 9 of whom are the same aldermen who govern the City; the president of the Perry Chamber of Commerce, the executive director of Main Street Perry, Inc., and one trustee appointed by the City's aldermen. PEDA is inactive in the current year, and therefore; not included in the report for the period ended.

Perry Housing Authority (PHA) – was created under provision of the Oklahoma Statutes by a Declaration of the Trust. The Trust was inactive during the year.

B. Basis of Presentation

Government-Wide Financial Statements:

The government-wide financial statements include the statement of net position and statement of activities. These statements report financial information for the City as a whole. The statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. Individual funds are not displayed by the statements.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services with usage fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. Taxes and other revenues sources not properly included with program revenues are reported as general revenues.

Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or utility services.

Certain reclassifications have been made to prior period balances in order to conform to the current period's presentation.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities,

fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The City has no fiduciary funds.

Measurement Focus and Basis of Accounting

The financial statements of the City are prepared in accordance with accounting principles generally accepted in the United States of America, GAAP. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The government-wide statements report using the economic resources measurements focus and the accrual basis of accounting. Proprietary financial statements and financial statements of the City's component units also report using the same focus and basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considered revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenses are recorded when the related fund liability is incurred.

Major revenue sources susceptible to accrual include: sales and use taxes and intergovernmental revenues. In general, other revenues are recognized when cash is received.

Operating income reported in the proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of provided goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Restricted Assets

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities current in nature are reported with current assets and current liabilities in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reporting amounts and disclosures; accordingly, actual results could differ from those estimates.

Interfund Balances

Generally, outstanding balances between funds reported and due to/due from other funds include outstanding charges by one fund to another for services or goods or miscellaneous receivables/payables between funds. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year and are described as due to/due from other funds.

C. Fund Types and Major Funds

Major Governmental Funds

General Fund

The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in another fund.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for specified purposes. The reporting entity includes the following special revenue funds:

FUND	BRIEF DESCRIPTION
<u>Limited Purpose Sales Tax*</u>	Accounts for legally restricted sales tax proceeds
<u>Street Improvement Fund*</u>	Accounts for the legally restricted sales tax proceeds which were used to improve the streets and alleys of the City of Perry in accordance with the 1% sales tax issue passed in 2007
<u>2016 Bond Fund*</u>	Accounts for activity resulting from the City's 2016 Bonds

<u>General Cemetery</u>	Accounts for the operations of the City's cemetery
<u>Cemetery Care</u>	Accounts for 12 1/2% of cemetery revenue restricted by State law for cemetery capital improvements.
<u>Public Access Fund</u>	Accounts for the Board restricted 5% franchise fee from the cable television franchise

The General Fund is considered major funds in accordance with GASB criteria. The Limited Purpose Sales Tax Fund, The Street Improvement Fund, and the 2016 Bond Fund are presented as a major fund based upon management's election.

PROPRIETARY FUND TYPES

Enterprise Funds

Enterprise Funds are used to account for business-type activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprises funds:

<u>FUND</u>	<u>BRIEF DESCRIPTION</u>
<u>Perry Utility Fund</u>	Accounts for the activities of the authority in providing electric, water, sewer, and solid waste services to the public. Perry Municipal Authority is the governing Trust for the operations accounted for by this fund.
<u>Perry Airport Fund</u>	Accounts for operations of the airport. Perry Municipal Authority is the governing Trust for the operations accounted for by this fund.

The City's Utility Fund and Airport Fund are considered major funds.

D. Budgets and Budgetary Accounting

Budget Policy and Practice

The City Clerk submits an annual budget to the City Council in accordance with the Oklahoma Municipal Budget Act. The budget is presented to the Council for review, and public hearings are held to address priorities and the allocation of resources. In June, the Council adopts the annual fiscal year budgets for City operating funds. Budget amendments or supplements may be made during the year when unexpected modifications are required in estimated revenues and appropriations. Budget amendments are recommended by the City Clerk and must be approved by the Council. Public trusts submit budgets and other planning documents to their respective governing bodies. Other funds budgeted on a project-length basis are also subjected to the Council review and approval process.

Budgetary Control

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and object class as follows: personal services, other services and charges, supplies, capital outlay, transfers, and debt service. This legal level of control is by department within a fund. Expenditures may not exceed appropriations at this level. Budget revisions at this level are subject to final review by the City Council. Within these control levels, management may transfer appropriations without Council approval. Revisions to the budget were made throughout the year.

Budget Basis of Accounting

The combined statement of revenues, expenditures and changes in fund balances (budget and actual) present comparisons of legally adopted budgets with actual data on a budgetary basis. The budgetary basis of accounting differs from GAAP in that the cash basis of accounting is used. Revenues are budgeted in the year receipt is expected; and expenditures, which include encumbrances, are budgeted in the year that the applicable purchase orders are expected to be issued. All appropriations (including encumbered) lapse at year-end; any open encumbrances to be honored in the subsequent budget year are reappropriated in the next fiscal year's budget. As a result, no reserve for encumbrances is reported at year-end.

The budget amounts shown in the financial statements are the final authorized amounts as amended during the year.

E. Assets, Liabilities and Equity

Cash and Investments

For the purposes of the combined balance sheet and the statement of cash flows, "cash and cash equivalents" includes all demand deposits, savings accounts and certificates of deposits or short-term investments (including restricted assets) with an original maturity of three months or less. Deposits are stated at cost.

Investments are reported at fair value which is determined using market prices. Short-term investments are reported at cost, which approximates fair value.

Allowance for Uncollectible Accounts

Significant receivables include amounts due from customers primarily for utility services. These receivables are due within one year. The City has established an allowance for collectible accounts based on management's prior experience using past due amounts more than 60 to 90 days. Management does not believe there are significant losses in excess of the allowance.

Inventory

Inventories are recorded on a first-in first-out basis, which approximates market. Inventory, consisting of airport fuel for resale, is valued at the lower of cost or market.

Property, Plant and Equipment

The accounting treatment over property, plant and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost, if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the asset value or materially extend the useful life of the assets are not capitalized. The City has established a capitalization limit of \$1,500.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Proprietary fund and similar component unit fixed assets are recorded in the respective funds or component units and depreciated using the straight-line method. When proprietary fund fixed assets are disposed, the cost and applicable accumulated depreciation is removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

- | | |
|------------------------------------|-------------|
| • Buildings | 10-25 years |
| • Other improvements | 10-25 years |
| • Machinery, furniture & equipment | 3-25 years |
| • Infrastructure | 10-20 years |

Fund Financial Statement:

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Long-Term Debt

In the government-wide and proprietary financial statements, outstanding debt is reported as a liability.

Equity Classifications

Governmental Fund Balances

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

Nonspendable

Fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),

Restricted

Fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,

Committed

Fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City Council, the City's highest level of decision-making authority,

Assigned

Fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and

Unassigned

Fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications

Net Position

Both proprietary fund financial statements and government-wide financial statements report net position. Amounts invested in capital assets, net of related debt and legally restricted amounts are separated from unrestricted net position.

Net investment in capital assets

The amount restricted consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position

Amounts reported as restricted consist of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position

This consists of net position that does not meeting the criteria of "restricted" or "net investment in capital assets".

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets and liabilities, the statement of financial position and the governmental fund balance sheet may report separate sections of deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period which will not be recognized as an outflow of resources until that time. Deferred inflows of resources represent an acquisition of net position that applies to a future period which will not be recognized as an inflow of resources until that time.

F. Revenues, Expenditures and Expenses

Sales Tax

The City levied a 3.25% sales tax on taxable sales within the City. The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission. A portion of the sales tax received is restricted as to the use. The unrestricted portion (1%) is recorded as sales tax revenue within the General Fund; the remaining 2.25% is restricted and recorded as sales tax revenue in the Limited Purpose Sales Tax fund, allocated 1.25% for water improvements and Street Improvement fund the remaining 1%.

Franchise Tax

Effective February 21, 1994, the City approved a 2% increase in the franchise tax levied from 3% to a total of 5%. The total franchise tax revenue is restricted in use to provide public, educational, and governmental television access service. Funds are reported in the Public Access fund.

Charges for Services

Program revenues reported with governmental activities include charges for services like permits and fees, park charges, and fines and forfeitures. Business-type activity charges for services include all operating income of proprietary funds.

Grants and Contributions

Governmental grants and contributions primarily consist of grants from Federal and state agencies. The nature of the grant determines if it is reported as operating or capital program revenues.

Business-type activity grants and contributions include donations from others as well as grants from Federal and state agencies.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. Recurring transfers for operational purposes are classified as "operating transfers", while non-recurring transfers of equity are reported as "residual equity transfers".

Compensated Absences

Full-time employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. Sick leave accrues to full-time employees to specified maximums. Generally, after one year of services, employees are entitled to a percentage of their sick leave balance and all accrued vacation leave upon termination. The estimated liabilities include required salary-related payments. Compensated absences are reported as accrued current liabilities in the government-wide and proprietary financial statements. Governmental funds report the current portion of compensated absences payable to employees.

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as local government unit, the City and its component units are subject to various federal, state and local laws and contractual regulations. An analysis of the City's compliance with significant laws and regulations and demonstration of its stewardship over City resources follows:

A. Deficit Fund Net Position/Fund Balance

Deficits resulting from accrual reporting do not constitute violations of Oklahoma State Statues.

The City reported no deficit fund balances or net position for the fiscal year.

B. Budget Requirements

For the year ended June 30, 2022, the City did not materially overspend in any department-level category.

C. Debt Covenants

The long term debt held by the Perry Municipal Authority contains a number of covenants which are related to financial matters. The most significant of which is the Debt Service Coverage, whereby, pledged revenues less operating expenses shall provide Net Revenues Available for Debt Service equal to 1.25 times average annual debt service on the respective notes for the Authority. Refer to footnote 3C for discussion of long term debt.

D. Revenue Restrictions

The City has various restrictions placed over certain revenue sources from state or local or administrative requirements. The primary restricted revenue sources include:

REVENUE SOURCE	LEGAL RESTRICTIONS OF USE
Gasoline Excise/Commercial Vehicle Tax	Street and Alley Purposes
Cemetery Revenue (12.5%)	Cemetery Capital Improvements
Franchise Tax	Public television access
Sales Tax (1.25%)	Water system improvements
Sales Tax (1%)	Street Improvements
Hotel/Motel Tax	Economic Development

(3) DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

A. Cash and Investments

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's deposits are secured by collateral values at market or par, whichever is lower, less the amount covered by the Federal Deposit Insurance Corporation (FDIC). Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health and service.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes.

CITY OF PERRY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Investments

The City invests in certificates of deposit.

B. PROPERTY, PLANT AND EQUIPMENT

Governmental Activities:

A summary of the changes in the governmental activities fixed assets for the year ended June 30, 2022 follows:

	<u>Balance at July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2022</u>
Land	\$ 1,302,350	\$ 895,154	\$ -	\$ 2,197,504
Construction in process	2,524,096	-	-	2,524,096
Buildings & structures	1,781,323	-	-	1,781,323
Machinery, furniture, & equipment	5,337,632	372,674	-	5,710,306
Infrastructure & improvements	13,538,000	84,257	-	13,622,257
Total	24,483,401	1,352,085	-	25,835,486
Less accumulated depreciation	13,304,686	1,110,742	-	14,415,428
Fixed assets, net	\$ 11,178,715	\$ 241,343	\$ -	\$ 11,420,058

Business-Type Activities:

A summary of the proprietary fund types fixed assets for the year ended June 30, 2022 follows:

	<u>Balance at July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2022</u>
Land	\$ 504,810	\$ -	\$ -	\$ 504,810
Buildings	3,480,741	-	-	3,480,741
Machinery, furniture, & equipment	2,598,848	141,029	-	2,739,877
Infrastructure	20,641,966	426,861	-	21,068,827
Construction in process	5,654,434	582,152	-	6,236,586
Total	32,880,799	1,150,042	-	34,030,841
Less accumulated depreciation	20,680,810	1,504,396	-	22,185,206
Fixed assets, net	\$ 12,199,989	\$ (354,354)	\$ -	\$ 11,845,635

CITY OF PERRY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against its operations. Depreciation expense was charged to functions in the statement of activities as follows:

Governmental Activities		Business-type Activities	
General government	\$ 33,183	Electric	\$ 167,639
Public safety & judiciary	57,403	Water	729,555
Transportation	671,463	Sewer	298,293
Cultural, parks & recreation	62,259	Customer service	70,874
Cemetery	5,284	Airport	238,035
Ambulance	69,028		
Economic development	212,122	Total depreciation expense	<u>\$ 1,504,396</u>
Total depreciation expense	<u>\$ 1,110,742</u>		

C. LONG-TERM DEBT

NOTES AND BONDS PAYABLE

Governmental Activities:

In February 2016, PMA issued the Perry Municipal Authority Series 2016 Revenue Note with proceeds of \$4,365,000. Proceeds will be used for Street improvements and other capital improvements. The note carries a 2.41% interest rate maturing January 2028.

\$ 2,745,000

Total Governmental Activities \$ 2,745,000

Business-Type Activities:

On June 6, 2006, PMA issued the Perry Municipal Authority Utility System and Sales Tax Revenue Note, Series 2006 in the amount of \$7,735,000. The note carries an interest rate of 4.49%, maturing June 1, 2026. The loan requires monthly payments into a debt service account from which the semi-annual debt service payments are made. Debt covenants include debt service coverage of 1.25 of net utility revenues. The Note is secured by 1.25% restricted sales tax revenues, as well as water revenues and 1% general sales tax revenues.

\$ 2,143,223

In December 2015, PMA issued the Perry Municipal Authority Utility System Revenue Note, Series 2015 with proceeds of \$3,100,000. Proceeds will be used for sewer improvements. The note requires monthly payments into a debt service account from which semi-annual debt service payments are made and carries a 2.47% interest rate maturing July 2030.

1,980,000

In October 2017, PMA issued the Perry Municipal Authority Utility System and Sales Tax Revenue Note, Series 2017 with proceeds of \$3,320,000. Proceeds will be used to refund the Authority's Revenue Bonds, Series 2013 and finance capital improvements including but not limited to automated meter reading system and infrastructure improvements. The note carries an interest rate of 2.65% requiring monthly payments into a debt service account from which semi-annual debt service payments are made. Bonds mature April 2030.

2,215,000

In December 2018, PMA issued the Perry Municipal Authority Utility System and Sales Tax Revenue Note, Series 2018 with proceeds of \$1,055,000. Proceeds will be used for sewer system improvements. The notes carries an interest rate of 3.33% requiring monthly payments into a debt service account from which semi-annual debt service payments are made. Bonds mature January 2029.

780,000

\$ 7,118,223

CITY OF PERRY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Changes in Long-Term Debt:

The following is a summary of changes in long-term debt for the year ended June 30, 2022:

<u>Type of Debt</u>	<u>Balance at July 1, 2021</u>	<u>Amount Issued</u>	<u>Amount Retired</u>	<u>Balance at June 30, 2022</u>	<u>Due Within One Year</u>
Governmental activities:					
Capital improvements, Series 2016	\$ 3,165,000	\$ -	\$ 420,000	\$ 2,745,000	\$ 430,000
Net pension liability	2,402,072	-	1,425,254	976,818	-
Total governmental activities	<u>\$ 5,567,072</u>	<u>\$ -</u>	<u>\$ 1,845,254</u>	<u>\$ 3,721,818</u>	<u>\$ 430,000</u>
<u>Type of Debt</u>	<u>Balance at July 1, 2021</u>	<u>Amount Issued</u>	<u>Amount Retired</u>	<u>Balance at June 30, 2022</u>	<u>Due Within One Year</u>
Business-type activities:					
Meter deposits	502,095	10,948	-	513,043	-
<i>Notes Payable</i>					
Water system	2,621,637	-	478,414	2,143,223	500,343
<i>Bonds Payable</i>					
Sewer improvements, Series 2015	2,180,000	-	200,000	1,980,000	210,000
Electric improvements, Series 2017	2,465,000	-	250,000	2,215,000	260,000
Improvements, Series 2018	875,000	-	95,000	780,000	100,000
Total business-type activities	<u>\$ 8,643,732</u>	<u>\$ 10,948</u>	<u>\$ 1,023,414</u>	<u>\$ 7,631,266</u>	<u>\$ 1,070,343</u>
Total long-term debt	<u>\$ 14,210,804</u>	<u>\$ 10,948</u>	<u>\$ 2,868,668</u>	<u>\$ 11,353,084</u>	<u>\$ 1,500,343</u>

Annual Debt Service Requirements:

The annual debt service requirements to maturity, including principal and interest, for long-term debt held by business-type activities as of June 30, 2022 follow:

Year Ending June 30	<u>Governmental Activities</u>		<u>Business Type Activities</u>			
	<u>Bonds Payable</u>		<u>Notes Payable</u>		<u>Bonds Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 430,000	\$ 63,564	\$ 500,343	\$ 86,017	\$ 570,000	\$ 47,609
2024	440,000	53,141	523,277	63,083	585,000	42,422
2025	450,000	42,472	547,261	39,098	605,000	53,091
2026	465,000	31,571	572,342	14,014	620,000	31,678
2027	475,000	20,304	-	-	1,180,000	88,102
2028-2031	485,000	8,797	-	-	1,415,000	87,742
Totals	<u>\$ 2,745,000</u>	<u>\$ 219,849</u>	<u>\$ 2,143,223</u>	<u>\$ 202,212</u>	<u>\$ 4,975,000</u>	<u>\$ 350,644</u>

Pledged Revenue:

The following revenues are pledged toward debt obligations:

<u>Debt</u>	<u>Revenue Pledged</u>	<u>Total Pledged Revenue in Current Year</u>	<u>Current Year Debt Service Requirements</u>	<u>Percentage Portion of Pledged Revenue Stream</u>	<u>Remaining Principle and Interest</u>	<u>Period Revenue Will Not Be Availabe for Other Purposes</u>
<i>Notes Payable</i>						
OWRB Water system (2006)	PMA revenue from water utilities plus 1.25% restricted sales tax and 1% general sales tax	\$ 2,616,754	\$ 586,360	22%	\$ 2,143,223	Until 2026
<i>Bonds Payable</i>						
Sewer improvements, Series 2015	PMA revenue from the sewer system	1,048,964	252,611	24%	1,980,000	Until 2030
Electric improvements, Series 2017	PMA revenue from electric, sanitation, 1% sales tax, and hotel room tax	10,407,694	315,323	3%	2,215,000	Until 2030
Improvements, Series 2018	PMA revenue from the sewer system	1,048,964	124,138	12%	780,000	Until 2029

D. INTERFUND TRANSACTIONS AND BALANCES

Intercompany balances reported on the Statement of Net Position for the year ended June 30, 2022 were as follows:

	<u>Due From</u>	<u>Due To</u>
GENERAL FUND		
Utility Authority	\$ -	\$ 41,089
UTILITY AUTHORITY		
General Fund	41,089	-
	<u>\$ 41,089</u>	<u>\$ 41,089</u>

	<u>Transfers In</u>	<u>Transfers Out</u>
GENERAL FUND		
Utility Authority	\$ 2,807,501	\$ -
2016 Bond Fund	141,292	-
Total General Fund	<u>2,948,793</u>	<u>-</u>
2016 BOND FUND		
General Fund	-	141,292
Total Limited Purpose Sales Tax	<u>-</u>	<u>141,292</u>
LIMITED PURPOSE SALES TAX		
Utility Authority	-	586,360
Total Limited Purpose Sales Tax	<u>-</u>	<u>586,360</u>
PUBLIC ACCESS FUND		
Utility Authority	9,685	-
Total Public Access Fund	<u>9,685</u>	<u>-</u>
CEMETERY FUND		
Utility Authority	90,000	12,889
Total Cemetery Fund	<u>90,000</u>	<u>12,889</u>
UTILITY AUTHORITY		
General Fund	-	2,807,501
Limited Purpose Sales Tax	586,360	-
Public Access Fund	-	9,685
Cemetery Fund	12,889	90,000
Airport Authority	-	325,000
Total Utility Authority	<u>599,249</u>	<u>3,232,186</u>
AIRPORT AUTHORITY		
Utility Authority	325,000	-
Total Utility Authority	<u>325,000</u>	<u>-</u>
GRAND TOTAL	<u>\$ 3,972,727</u>	<u>\$ 3,972,727</u>

(4) RETIREMENT PLANS

The City participates in three employee pension systems as follows:

<u>Name of Plan</u>	<u>Type of Plan</u>
Oklahoma Municipal Retirement Fund	Agent Multiple Employer – Defined Benefit Plan
Oklahoma Police Pension and Retirement Fund	Cost Sharing Multiple Employer – Defined Benefit Plan
Oklahoma Firefighter Pension and Retirement Fund	Cost Sharing Multiple Employer – Defined Benefit Plan

A summary of the financial implications of the pension plans are as follows:

	Governmental Activities
Pension Expense	
Ok Municipal Retirement System	\$ (80,165)
Police	75,268
Firefighters	84,688
	\$ 79,791
 Net Pension Liability (Asset)	
Ok Municipal Retirement System	\$ (796,570)
Police	(751,909)
Firefighters	976,818
	\$ (571,661)
 Deferred Outflows of Resources	
Ok Municipal Retirement System	\$ 288,665
Police	289,053
Firefighters	530,583
	\$ 1,108,301
 Deferred Inflows of Resources	
Ok Municipal Retirement System	\$ 1,185,057
Police	762,138
Firefighters	911,407
	\$ 2,858,602

A. Oklahoma Police Pension and Retirement Systems

Plan description – The City of Perry, as the employer, participates in the Oklahoma Police Pension and Retirement Plan – a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Police Pension and Retirement System (OPPRS). Title 11 of the Oklahoma State Statutes, through the Oklahoma Legislature, grants the authority to establish and amend the benefit terms to the OPPRS. OPPRS issues a publicly available financial report that can be obtained at www.ok.gov/OPPRS.

Benefits provided – OPPRS provides retirement, disability, and death benefits to members of the plan. The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of credited service. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later.

Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered. Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participants' final average salary multiplied by 20 years. This disability benefit is reduced by stated percentages for partial disability based on the percentage of impairment. After 10 years of credited service, participants who retire due to disability incurred from any cause are eligible for a monthly benefit based on 2.5% of their final average salary multiplied by the years of service. This disability benefit is also reduced by stated percentages for partial disability based on the percentage of impairment. Effective July 1, 1998, once a disability benefit is granted to a participant, that participant is no longer allowed to apply for an increase in the dollar amount of the benefit at a subsequent date.

Survivor's benefits are payable in full to the participant's beneficiary upon the death of a retired participant. The beneficiary of any active participant killed in the line of duty is entitled to a pension benefit.

Contributions – The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating

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cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$82,854.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the City reported an asset of \$751,909 for its proportionate share of the net pension asset. The net pension asset was measured as of July 1, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2021. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2021. Based upon this information, the City's proportion was 0.1567%.

For the year ended June 30, 2022, the City recognized pension expense of \$75,268. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 10,796	\$ 29,678
Changes of assumptions	11,434	-
Net difference between projected and actual earnings on pension plan investments	183,969	732,461
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	82,854	-
Total	\$ 289,053	\$ 762,139

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2022	\$	(125,418)
2023		(109,904)
2024		(138,996)
2025		(182,743)
2026		1,264

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	3%
Salary increases:	4.5% to 17.0% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense, per annum, compounded annually
 Mortality rates:	 Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.
	Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational Improvement using scale AA.
	Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years with fully generational improvement using Scale AA.

The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2017.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, are summarized in the following table:

<u>Long-Term Expected Asset Class</u>	<u>Real Rate of Return</u>
Fixed income	2.83%
Domestic equity	6.47%
International equity	6.98%
Real Estate	5.50%
Private Equity	5.96%
Other assets	3.08%

The current allocation policy is that approximately 60% of assets in equity instruments, including public equity, long-short hedge, venture capital, and private equity strategies; approximately 25% of assets in fixed income to include investment grade bonds, high yield and non-dollar denominated bonds, convertible bonds, and low volatility hedge fund strategies; and 15% of assets in real assets to include real estate, commodities, and other strategies.

Discount Rate – The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 14% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
City's proportionate share of the net pension liability/(asset)	(281,989)	(751,909)	(1,149,262)

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the OPPRS; which can be located at www.ok.gov/OPPRS.

B. Oklahoma Firefighter's Pension and Retirement Systems

Plan Description – The City of Perry, as the employer, participates in the Firefighters Pension & Retirement – a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Firefighters Pension & Retirement System (FPRS). Title 11 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the FPRS. FPRS issues a publicly available financial report that can be obtained at www.ok.gov/fprs.

Benefits provided – FPRS provides retirement, disability and death benefits to members of the plan.

Benefits for members hired prior to November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 20 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month. Benefits vest with 10 years or more service.

Benefits for members hired after November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 22 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month. Benefits vest with 11 years or more service.

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in-the-line-of-duty is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per years of service, with a maximum of 30 years of service. For disabilities not-in-the-line-of-duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation, based on the most recent 60-month salary as opposed to 30 months. For volunteer

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firefighters, the not-in-the-line-of-duty disability is also limited to only those with less than 20 years of service and is \$7.53 per year of service. For volunteer firefighters, the in-the-line-of-duty pension is \$150.60 with less than 20 years of service, or \$7.53 per year of service, with a maximum of 30 years.

A \$5,000 lump sum death benefit is payable to the qualified spouse or designated recipient upon the participant's death. The \$5,000 death benefit does not apply to members electing the vested benefit.

Contributions – The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$80,255 (fiscal year contributions).

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the City reported a liability of \$976,818 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2021. Based upon this information the City's proportion was 0.114833%.

For the year ended June 30, 2022, the City recognized pension expense of \$84,688. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 354,270	\$ 17,155
Changes of assumptions	-	21,666
Net difference between projected and actual earnings on pension plan investments	96,058	872,587
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	80,255	-
Total	\$ 530,583	\$ 911,408

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2022	\$	(72,115)
2023		(91,463)
2024		(113,534)
2025		(183,970)
2026		-

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	3%
Salary increases:	3.5% to 9.0% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the RP2000 combined healthy with blue collar adjustment as appropriate, with adjustments for generational mortality improvement using scale AA for healthy lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	5.48%
Domestic equity	37%	9.61%
International equity	20%	9.24%
Real Estate	10%	7.76%
Other assets	13%	6.88%

Discount Rate – The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 36% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percent point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
City's proportionate share of the net pension liability/(asset)	1,526,482	976,818	516,639

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the FPRS; which can be located at www.ok.gov/fprs.

C. Oklahoma Municipal Retirement Fund

The City contributes to a cost-sharing, multiple-employer defined benefit pension plan adopted by the City and administered by the Oklahoma Municipal Retirement System, which was established to administer pension plans for municipal employees. The plan is administered by JP Morgan Chase Bank of Oklahoma City, Oklahoma. According to state law, the authority for establishing or amending the plan's provisions rests with the city council. The defined contribution plan is available to all full-time employees not already participating in another plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, investment earnings, and forfeitures of other participants' benefits that may be allocated to such participant's account. Benefits vest after 10 years of service.

For the year ended June 30, 2022, the following amounts related to the defined contribution plan:

Payroll for covered employees	\$2,237,428
Employer (City) contributions made	\$163,506

Plan Description – The City contributes to the OkMRF for all eligible employees except for those covered by the Police and Firefighter Pension Systems. The plan is an agent multiple employer - defined benefit plan administered by OkMRF. The OkMRF plan issues a separate financial report and can be obtained from OkMRF or from their website: www.okmrf.org/reports.html. Benefits are established or amended by the City Council in accordance with O.S. Title 11, Section 48-101-102.

Summary of Significant Accounting Policies – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's plan and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by OkMRF. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value based on published market prices. Detailed information about the OkMRF plans' fiduciary net position is available in the separately issued OkMRF financial report.

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Eligibility Factors and Benefit Provisions

Provision	OkMRF Plan
a. Eligible to Participate	Full-time, employees of the City or Authority, except police, firefighters, and other employees who are covered under another approved system. The Plan has a 3 month probationary period.
b. Contributions Requirement	
- Authorization	By City Ordinance
- Actuarially Determined	Yes
- Employer Rate	8.8% of covered payroll
- Employee Rate	4% of covered payroll
c. Period Required to Vest	10 years of vesting service
d. Eligibility for Distribution	<ul style="list-style-type: none"> - Normal retirement at age 65 with 10 years of vesting service. - Early Retirement after age 55 with 10 years or more of vesting. - Disability retirement upon total and permanent disability with 10 years of service. - Death benefits with 10 years of vesting service, if married, 50% of accrued benefit payable to spouse until death or remarriage, if single, 50% of the accrued benefit is payable for 10 years certain.
e. Benefit Determination Base	Final average salary – the average of the five highest consecutive annual salaries out of the last 10 years of service.
f. Benefit Determination Methods:	
- Normal Retirement	2.625% of final average compensation multiplied by the number of years of credited service.
- Early Retirement	Payable starting at normal retirement or the accrued benefit reduced 5% per year for commencement prior to normal retirement age.
- Disability Retirement	Payable upon disablement without reduction for early payment
- Death Benefit	50% of employee's accrued benefit, see above
- Prior to 10 Years Service	Return of employee contributions with accrued interest.
g. Form of Benefit Payments	Normal form of payment of the accrued benefit is a monthly lifetime annuity with 10 years certain. Other retirement benefits are available under actuarially equivalent optional forms.

Employees Covered by Benefit Terms

Active Employees	51
Deferred Vested Former Employees	2
Retirees or Retiree Beneficiaries	<u>17</u>
Total	<u>70</u>

Contribution Requirements

The City Council has the authority to set and amend contribution rates by ordinance for the OkMRF defined benefit plan in accordance with O.S. Title 11, Section 48-102. The contribution rates for the current fiscal year have been made in accordance with an actuarially determined rate. Employees contribute a fixed 4% to the plan in accordance with the plan provisions adopted by the City Council.

Actuarial Assumptions

a. Date of last Actuarial Valuation	March 2022
b. Significant Actuarial Assumptions Used:	
1. Rate of Return on Investments	7.5% per annum
2. Pay increases	Rates by age
3. Retirement Age	Rates by age
4. Mortality Table	UP 1994 mortality (projected)

CITY OF PERRY, OKLAHOMA
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JUNE 30, 2022

5. Asset Value	Actuarial method
c. Actuarial cost method	Entry age normal
d. Date of last experience study	Sept 2017 for fiscal years 2012 thru 2016

Discount Rate – The discount rate used to value benefits was the long-term expected rate of return on plan investments, 7.75% since the plan’s net fiduciary position is projected to be sufficient to make projected benefit payments.

The City has adopted a funding method that is designed to fund all benefits payable to participants over the course of their working careers. Any differences between actual and expected experience are funded over a fixed period to ensure all funds necessary to pay benefits have been contributed to the trust before those benefits are payable. Thus, the sufficiency of pension plan assets was made without a separate projection of cash flows.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.0%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of July 1, 2021 are summarized in the following table:

	Target Allocation	Real Return	Weighted Return
Large cap stocks - S&P 500	25%	5.40%	1.35%
Small/mid cap stocks - Russell 2500	10%	7.50%	0.75%
Long/short equity - MSCI ACWI	10%	6.10%	0.61%
International stocks - MSCI EAFE	20%	5.10%	1.02%
Fixed income bonds - Barclay’s Capital Aggregate	30%	2.60%	0.78%
Real estate - NCREIF	5%	4.80%	0.24%
Cash equivalents - 3 month Treasury	0%	0.00%	0.00%
	100%		
		Average Real Return	4.75%
		Inflation	3.00%
		Long term expected return	7.75%

Changes in Net Pension Liability – The total pension liability was determined based on an actuarial valuation performed as of July 1, 2021 which is also the measurement date. There were no changes in assumptions or changes in benefit terms that affected measurement of the total pension liability. There were also no changes between the measurement date of July 1, 2021 and the City’s report ending date of June 30, 2022, that would have had a significant impact on the net pension liability.

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of the City, calculated using the discount rate of 7.5 percent, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City’s proportionate share of the net pension liability/(asset)	(59,926)	(796,570)	(1,389,297)

The City reported \$(80,165) in pension expense for the year ended June 30, 2022.

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF PERRY, OKLAHOMA
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JUNE 30, 2022

	Outflows of Resources	Inflows of Resources
Difference between expected and actual experience	\$ 27,077	\$ 449,607
Changes of assumptions	72,766	-
Net difference between projected and actual earnings on pension plan investments	96,244	735,450
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	163,506	-
Total	\$ 359,593	\$ 1,185,057

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:			
2023	\$	(202,526)	
2024		(219,447)	
2025		(235,197)	
2026		(271,140)	
2027		(58,893)	
Thereafter		(1,767)	

(5) COMMITMENTS AND CONTINGENCIES

A. Litigation

The City is a party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

B. Grant Program Involvement

In the normal course of operations, the City participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability for reimbursement, which may arise as a result of these audits, cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

(6) PRIOR PERIOD ADJUSTMENT

A prior period adjustment of \$68,339 is reported in the Governmental Activities of the Statement of Activities to reflect the write off of payroll benefit obligations (\$391,728) offset by a stale cash transfer (\$460,067).

City of Perry, Oklahoma
General Fund
Statement of Revenues, Expenditures, Encumbrances, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Revisions</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES					
Taxes	\$ 1,746,652	\$ 528,458	\$ 2,275,110	\$ 2,150,938	\$ (124,172)
Licenses & permits	12,500	46,086	58,586	96,189	37,603
Rents & royalties	161,200	204,690	365,890	386,359	20,469
Fines and forfeitures	123,050	39,698	162,748	176,918	14,170
Charges for services	572,855	1,275	574,130	386,485	(187,645)
Intergovernmental	249,412	967,610	1,217,022	931,563	(285,459)
Interest	13,000	-	13,000	16,075	3,075
Other revenues	86,470	88,531	175,001	582,599	407,598
Total revenues	<u>2,965,139</u>	<u>1,876,348</u>	<u>4,841,487</u>	<u>4,727,126</u>	<u>(114,361)</u>
EXPENDITURES					
General government:					
General government	984,088	(95,370)	888,718	887,692	1,026
Total general government	<u>984,088</u>	<u>(95,370)</u>	<u>888,718</u>	<u>887,692</u>	<u>1,026</u>
Public safety and judiciary:					
Police	1,498,250	414,677	1,912,927	1,665,253	247,674
Code enforcement	193,059	-	193,059	168,031	25,028
Animal control	45,456	4,000	49,456	46,482	2,974
Fire	390,785	201,966	592,751	416,721	176,030
Municipal court	127,599	-	127,599	93,610	33,989
Total public safety and judiciary	<u>2,255,149</u>	<u>620,643</u>	<u>2,875,792</u>	<u>2,390,097</u>	<u>485,695</u>
Transportation:					
Street	521,908	310,031	831,939	684,058	147,881
Total transportation	<u>521,908</u>	<u>310,031</u>	<u>831,939</u>	<u>684,058</u>	<u>147,881</u>
Cultural, parks and recreation:					
Parks	247,467	50,369	297,836	276,739	21,097
Swimming pool	52,020	-	52,020	37,094	14,926
Ball parks	320,063	48,000	368,063	224,165	143,898
Library	229,610	104,482	334,092	305,569	28,523
Total cultural, parks and recreation	<u>849,160</u>	<u>202,851</u>	<u>1,052,011</u>	<u>843,567</u>	<u>208,444</u>
Ambulance:					
Ambulance	1,058,751	139,805	1,198,556	829,733	368,823
Total ambulance	<u>1,058,751</u>	<u>139,805</u>	<u>1,198,556</u>	<u>829,733</u>	<u>368,823</u>
Economic development					
Economic development	60,000	910,925	970,925	968,718	2,207
Total economic development	<u>60,000</u>	<u>910,925</u>	<u>970,925</u>	<u>968,718</u>	<u>2,207</u>
Total expenditures	<u>5,729,056</u>	<u>2,088,885</u>	<u>7,817,941</u>	<u>6,603,865</u>	<u>1,214,076</u>
Revenue over (under) expenditures	(2,763,917)	(212,537)	(2,976,454)	(1,876,739)	(1,328,437)
OTHER FINANCING SOURCES (USES)					
Operating transfers in/(out)	2,450,000	-	2,450,000	2,948,793	498,793
Transfers to other governments	(466,244)	(121,661)	(587,905)	-	587,905
Net other financing sources (uses)	<u>1,983,756</u>	<u>(121,661)</u>	<u>1,862,095</u>	<u>2,948,793</u>	<u>1,086,698</u>
Revenues and other financing sources over (under) expenditures and other uses	(780,161)	(334,198)	(1,114,359)	1,072,054	(241,739)
Fund balance at beginning of year (Non-GAAP budgetary basis)				<u>4,703,199</u>	4,703,199
Fund balance at end of year (Non-GAAP budgetary basis)				\$ 5,775,253	<u>\$ 4,461,460</u>
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES					
Revenue and transfer accruals				29,990	
Fund balance at end of year (GAAP basis)				<u>\$ 5,805,243</u>	

City of Perry, Oklahoma
Limited Purpose Sales Tax
Statement of Revenues, Expenditures, Encumbrances, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Revisions</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>REVENUES</u>					
Taxes	\$ 582,804	\$ 66,676	\$ 649,480	\$ 1,348,150	\$ 698,670
Total revenues	582,804	66,676	649,480	1,348,150	698,670
Revenue over (under) expenditures	582,804	66,676	649,480	1,348,150	698,670
<u>OTHER FINANCING SOURCES (USES)</u>					
Operating transfers in/(out)	(586,380)	-	(586,380)	(1,174,436)	(588,056)
Net other financing sources (uses)	(586,380)	-	(586,380)	(1,174,436)	(588,056)
Revenues and other financing sources over (under) expenditures and other uses	(3,576)	66,676	63,100	173,714	110,614
Fund balance at beginning of year (Non-GAAP budgetary basis)				1,243,011	1,243,011
Fund balance at end of year (Non-GAAP budgetary basis)				\$ 1,416,725	<u>\$ 1,353,625</u>
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES					
Accrual adjustment				(33,842)	
Fund balance at end of year (GAAP basis)				<u>\$ 1,382,883</u>	

City of Perry, Oklahoma
Street Improvement Fund
Statement of Revenues, Expenditures, Encumbrances, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Revisions</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES					
Taxes	\$ 466,244	\$ 53,340	\$ 519,584	\$ 599,178	\$ 79,594
Total revenues	466,244	53,340	519,584	599,178	79,594
EXPENDITURES					
Street Sales Tax					
Debt Service	788,836	-	788,836	495,184	293,652
Total general government	788,836	-	788,836	495,184	293,652
OTHER FINANCING SOURCES (USES)					
Operating transfers in/(out)	-	-	-	-	-
Net other financing sources (uses)	-	-	-	-	-
Revenues and other financing sources over (under) expenditures and other uses	(322,592)	53,340	(269,252)	103,994	(214,058)
Fund balance at beginning of year (Non-GAAP budgetary basis)				390,412	390,412
Fund balance at end of year (Non-GAAP budgetary basis)				\$ 494,406	\$ 390,412
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES					
Taxes receivable				(9,231)	
Fund balance at end of year (GAAP basis)				\$ 485,175	

Schedules of Required Supplementary Information

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Oklahoma Police Pension Retirement Plan
 Year Ended June 30, 2022

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>	<u>2022*</u>
City's portion of the net pension liability (asset)	0.1543%	0.1730%	0.1867%	0.1833%	0.1968%	0.1681%	0.1808%	0.1567%
City's proportionate share of the net pension liability (asset)	\$ (51,937)	\$ 7,055	\$ 285,867	\$ 14,098	\$ (93,724)	\$ (10,733)	\$ 207,644	\$ (751,909)
City's covered-employee payroll	\$ 821,697	\$ 887,538	\$ 814,677	\$ 887,979	\$ 864,050	\$ 681,871	\$ 651,877	\$ 715,363
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-6%	1%	35%	2%	-11%	-2%	32%	-105%
Plan fiduciary net position as a percentage of the total pension liability	121.61%	100.00%	99.81%	100.00%	100.00%	100.00%	99.99%	100.03%

* The amounts presented for each fiscal year were determined as of the fiscal year-end that occurred previous

SCHEDULE OF CITY CONTRIBUTIONS
Oklahoma Police Pension Retirement Plan

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>	<u>2022*</u>
Contractually required contribution	\$ 56,101	\$ 63,581	\$ 71,564	\$ 74,566	\$ 71,580	\$ 78,733	\$ 69,222	\$ 82,854
Contributions in relation to the contractually required contribution	<u>(56,101)</u>	<u>(63,581)</u>	<u>(71,564)</u>	<u>(74,566)</u>	<u>(71,580)</u>	<u>(78,733)</u>	<u>(69,222)</u>	<u>(82,854)</u>
Contribution deficiency (excess)	<u>\$ -</u>							
City's covered-employee payroll	\$ 821,697	\$ 887,538	\$ 814,677	\$ 887,979	\$ 864,050	\$ 681,871	\$ 651,877	\$ 715,363
Contributions as a percentage of covered-employee payroll	6.83%	7.16%	8.78%	8.40%	8.28%	11.55%	10.62%	11.58%

Schedules of Required Supplementary Information

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Oklahoma Fire Pension Retirement Plan
 Year Ended June 30, 2022

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>	<u>2022*</u>
City's portion of the net pension liability (asset)	0.1453%	0.165428%	0.017009%	0.017692%	0.165550%	0.164660%	0.136480%	0.148330%
City's proportionate share of the net pension liability (asset)	\$ 1,718,753	\$ 1,755,868	\$ 2,078,031	\$ 2,225,102	\$ 1,863,486	\$ 1,739,921	\$ 1,681,325	\$ 976,818
City's covered-employee payroll	\$ 174,452	\$ 178,194	\$ 181,821	\$ 180,581	\$ 183,326	\$ 570,344	\$ 614,170	\$ 667,177
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	985%	985%	1143%	1232%	1016%	305%	274%	146%
Plan fiduciary net position as a percentage of the total pension liability	-1232.14%	99.92%	99.83%	99.94%	99.95%	99.95%	99.96%	99.98%

* The amount presented for each fiscal year were determined as of the fiscal year-end that occurred previous

SCHEDULE OF CITY CONTRIBUTIONS
Oklahoma Fire Pension Retirement Plan

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>	<u>2022*</u>
Contractually required contribution	\$ 54,293	\$ 63,279	\$ 66,609	\$ 68,239	\$ 71,034	\$ 60,043	\$ 67,945	\$ 80,255
Contributions in relation to the contractually required contribution	<u>(54,293)</u>	<u>(63,279)</u>	<u>(66,609)</u>	<u>(68,239)</u>	<u>(71,034)</u>	<u>(60,043)</u>	<u>(67,945)</u>	<u>(80,255)</u>
Contribution deficiency (excess)	<u>\$ -</u>							
City's covered-employee payroll	\$ 174,452	\$ 178,194	\$ 181,821	\$ 180,581	\$ 183,326	\$ 570,344	\$ 614,170	\$ 667,177
Contributions as a percentage of covered-employee payroll	31.12%	35.51%	36.63%	37.79%	38.75%	10.53%	11.06%	12.03%

Schedules of Required Supplementary Information

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

Oklahoma Municipal Retirement Plan

SINCE INITIAL APPLICATION

	2015*	2016*	2017*	2018*	2019*	2020*	2021*	2022*
Total pension liability								
Service cost	\$ 169,601	\$ 187,865	\$ 208,217	\$ 211,858	\$ 192,366	\$ 209,195	\$ 179,179	\$ 194,730
Interest	268,656	269,365	287,090	303,608	319,350	346,707	373,533	368,455
Changes in benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	-	64,083	33,504	921	65,995	(10,287)	(228,273)	(355,128)
Changes in assumptions	-	-	-	93,922	-	113,073	-	-
Benefit payments, including refunds of employee contributions	(234,260)	(285,697)	(299,774)	(332,178)	(205,018)	(221,169)	(383,781)	(400,809)
Net change in total pension liability	\$ 203,997	\$ 235,616	\$ 229,037	\$ 278,131	\$ 372,693	\$ 437,519	\$ (59,342)	\$ (192,752)
Total pension liability - beginning	3,411,869	3,615,866	3,851,482	4,080,519	4,358,650	4,731,343	5,168,862	5,109,520
Total pension liability - ending (a)	<u>\$ 3,615,866</u>	<u>\$ 3,851,482</u>	<u>\$ 4,080,519</u>	<u>\$ 4,358,650</u>	<u>\$ 4,731,343</u>	<u>\$ 5,168,862</u>	<u>\$ 5,109,520</u>	<u>\$ 4,916,768</u>
Plan fiduciary net position								
Contributions - employer	150,352	151,273	170,255	177,453	178,309	174,914	172,866	184,233
Contributions - employee	71,511	75,753	79,090	81,920	83,563	81,056	83,814	83,960
Net investment income	496,111	98,575	32,942	440,679	290,603	293,487	191,965	1,258,820
Benefit payments, including refunds of employee contributions	(234,260)	(285,697)	(299,774)	(332,178)	(205,018)	(221,169)	(383,781)	(400,809)
Administrative expense	(7,342)	(7,266)	(6,989)	(7,679)	(8,146)	(8,733)	(9,317)	(9,303)
Other	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	476,372	32,638	(24,476)	360,195	339,311	319,555	55,547	1,116,901
Plan fiduciary net position - beginning	3,037,295	3,513,667	3,546,305	3,521,829	3,882,024	4,221,335	4,540,890	4,596,437
Plan fiduciary net position - ending (b)	<u>\$ 3,513,667</u>	<u>\$ 3,546,305</u>	<u>\$ 3,521,829</u>	<u>\$ 3,882,024</u>	<u>\$ 4,221,335</u>	<u>\$ 4,540,890</u>	<u>\$ 4,596,437</u>	<u>\$ 5,713,338</u>
City's net pension liability - ending (a) - (b)	<u>\$ 102,199</u>	<u>\$ 305,177</u>	<u>\$ 558,690</u>	<u>\$ 476,626</u>	<u>\$ 510,008</u>	<u>\$ 627,972</u>	<u>\$ 513,083</u>	<u>\$ (796,570)</u>
Plan fiduciary net position as a percentage of the total pension liability	97.17%	92.08%	86.31%	89.06%	89.22%	87.85%	89.96%	116.20%
Covered-employee payroll	\$ 1,744,183	\$ 2,473,953	\$ 1,984,534	\$ 1,885,144	\$ 2,123,201	\$ 1,877,071	\$ 2,028,958	\$ 2,237,428
City's net pension liability as a percentage of covered-employee payroll	5.86%	12.34%	28.15%	25.28%	24.02%	33.45%	25.29%	-35.60%

Schedules of Required Supplementary Information

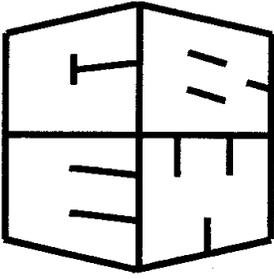
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Oklahoma Municipal Retirement Plan
 Year Ended June 30, 2022

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>	<u>2022*</u>
City's portion of the net pension liability (asset)	0.7402%	0.7259%	0.7213%	0.7951%	0.8646%	1.84%	1.50%	-2.33%
City's proportionate share of the net pension liability (asset)	\$ 102,199	\$ 305,177	\$ 558,690	\$ 476,626	\$ 510,008	\$ 627,972	\$ 513,083	\$ (796,570)
City's covered-employee payroll	\$ 1,744,183	\$ 2,473,953	\$ 1,984,534	\$ 1,885,144	\$ 2,123,201	\$ 1,877,071	\$ 2,028,958	\$ 2,237,428
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	5.86%	12.34%	28.15%	25.28%	24.02%	33.45%	25.29%	-35.60%
Plan fiduciary net position as a percentage of the total pension liability	87.99%	91.39%	84.14%	87.72%	87.92%	86.17%	88.84%	113.94%

* The amount presented for each fiscal year were determined as of the fiscal year-end that occurred previous

SCHEDULE OF CITY CONTRIBUTIONS
Oklahoma Municipal Retirement Plan

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>	<u>2022*</u>
Actuarially determined contribution	\$ 150,352	\$ 151,273	\$ 170,255	\$ 177,453	\$ 178,309	\$ 174,914	\$ 172,866	\$ 163,506
Contributions in relation to the actuarially determined contribution	<u>(150,352)</u>	<u>(151,273)</u>	<u>(170,255)</u>	<u>(177,453)</u>	<u>(178,309)</u>	<u>(174,914)</u>	<u>(172,866)</u>	<u>(163,506)</u>
Contribution deficiency (excess)	<u>\$ -</u>							
City's covered-employee payroll	\$ 1,744,183	\$ 2,473,953	\$ 1,984,534	\$ 1,885,144	\$ 2,123,201	\$ 1,877,071	\$ 2,028,958	\$ 2,237,428
Contributions as a percentage of covered-employee payroll	8.62%	6.11%	8.58%	9.41%	8.40%	9.32%	8.52%	7.31%



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

January 11, 2023

Honorable City Council
City of Perry
Perry, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Perry, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Perry, Oklahoma's basic financial statements, and have issued our report thereon dated January 11, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

CBEW Professional Group, LLP

CBEW Professional Group, LLP
Certified Public Accountants